

Assembly Bill No. 1698

CHAPTER 25

An act to add Sections 36424.1 and 37207.1 to the Water Code, relating to water, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor May 23, 2000. Filed with
Secretary of State May 24, 2000.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1698, Campbell. Santa Margarita Water District.

(1) Existing law, except as otherwise specified, requires a California water district to include in its annual estimate of the amount required by that district to discharge all of its obligations, an amount that is sufficient to pay (a) the principal of, and interest on, general obligation bonds and warrants of that district for any improvement district within the district as that amount becomes due, and (b) the operating expenses for that improvement district.

This bill would authorize the Santa Margarita Water District, for the purpose of making that annual estimate, to designate 2 separate areas within a prescribed improvement district, as specified. The bill would require the board of the district, that determines to designate those 2 areas within that improvement district for which the district has issued general obligation bonds, to submit to the county auditor and the board of supervisors an estimate, in writing, of the amount needed to be raised by assessment for the payment of the amount allocated by the board to each benefit area for the payment of the principal of, and the interest on, the bonds issued for that improvement district and would require the board of supervisors to levy an ad valorem assessment upon all lands within each designated area that is sufficient to raise the amount set forth in the estimate of the board.

By imposing duties on the board of supervisors in connection with the levy of the assessment, the bill would impose a state-mandated local program.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

(3) The bill would declare that it is to take effect immediately as an urgency statute.

The people of the State of California do enact as follows:

SECTION 1. Section 36424.1 is added to the Water Code, to read:

36424.1. (a) This section applies only to the Santa Margarita Water District.

(b) The Legislature finds and declares both of the following:

(1) In 1978, the voters of the Santa Margarita Water District authorized the sale of bonds for its improvement district number four in which the bond proceeds are available for water and sewer facilities.

(2) In 1998, the Capistrano School District created a Mello-Roos Community Facilities District in which the bond proceeds are available for water, sewer, roads, and other facilities for a portion of the area to be served by the improvement district.

(c) It is the intent of the Legislature to allow the Santa Margarita Water District the flexibility to establish equity with regard to the manner in which the district's water and sewer bonds are repaid, recognizing that a portion of the water and sewer facilities for the improvement district area will be financed by bonds issued pursuant to the Mello-Roos Community Facilities Act of 1982 (Ch. 2.5 (commencing with Sec. 53311), Pt. 1, Div. 2, Title 5, Gov. C.), instead of all water and sewer facilities being financed by the district's water and sewer bonds.

(d) For the purpose of making the annual estimate of the amount required to pay the principal of, and interest on, general obligation bonds of the Santa Margarita Water District for improvement district number four pursuant to Section 36424, the board of the district may designate two separate areas within the improvement district, with one area financed by the school district's bonds under Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5 of the Government Code and the other area not so financed.

(e) If the district exercises the authority authorized by this section, the amount of principal and interest allocated each year to the area without the bonds issued under Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5 of the Government Code (1) shall not be less, to the extent possible, than the amount needed to repay the principal and interest actually owed on the water and sewer bonds if that amount is spread uniformly across all of the assessed value of property within the improvement district, and (2) shall not be more, to the extent possible, than that amount that would have been allocated if (A) all water and sewer facilities had been financed by the water district's water and sewer bonds, subject to a limit of the amount of water and sewer bonds actually authorized, and (B) the entire improvement district was responsible to repay these amounts.

(f) The board shall not designate separate areas unless it receives a report from an independent financial consultant or engineer that

the designation of the proposed areas and the allocation of the estimated amount required to repay the principal of, and interest on, the bonds to the areas, in accordance with subdivision (e), will not adversely affect the board's ability to levy ad valorem assessments that will be sufficient to pay the principal of, and interest on, the bonds and the board determines that the designation of the areas and the allocation of the amount will not be adverse to the interests of the holders of the bonds. Notwithstanding subdivision (e), if the report indicates that the allocation described in subdivision (e) will adversely affect the board's ability to levy ad valorem assessments that are sufficient to pay the principal of, and interest on, the bonds or that that allocation may be adverse to the interests of the holders of the bonds, the district may designate two separate areas within improvement district number four in accordance with subdivision (d) and levy ad valorem assessments in amounts necessary to avoid those adverse effects.

SEC. 2. Section 37207.1 is added to the Water Code, to read:

37207.1. (a) This section applies only to the Santa Margarita Water District.

(b) If the board determines pursuant to Section 36424.1 to designate areas within an improvement district for which the Santa Margarita Water District has issued general obligation bonds, the board shall submit to the county auditor and the board of supervisors an estimate, in writing, of the amount of money required to be raised by assessment for the payment of the amount allocated by the board to each area for the payment of the principal of, and interest on, the bonds issued for the improvement district. Upon receiving the estimate, the board of supervisors shall levy an ad valorem assessment upon all lands within each designated area that is sufficient to raise the amount set forth in the estimate of the board.

(c) The district shall reimburse the county for any additional costs in carrying out the provisions of this section.

SEC. 3. The Legislature finds and declares that a special law is necessary and that a general law cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution as a result of the infrastructure requirements applicable to the Santa Margarita Water District.

SEC. 4. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district are the result of a program for which legislative authority was requested by that local agency or school district, within the meaning of Section 17556 of the Government Code and Section 6 of Article XIII B of the California Constitution.

SEC. 5. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning



of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to more equitably assess property in the Santa Margarita Water District at the earliest possible time, it is necessary that this act take effect immediately.

